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February 5, 2007

VIA HAND DELIVERY

Mr. Charles L.A. Terreni
Chief Clerk of the Commission
SC Public Service Commission
P. O. Drawer 11649
Columbia, SC 29211

Posted: D. Duke

Dept: SA

date: 2-6-07

time: 7:25

SC PUBLIC SERVICE
COMMISSION

2007 FEB - 5 PM 4: 25

RECEIVED

RE: Application of Wyboo Plantation Utilities, Inc. for Approval of
New Schedule of Rates and Charges for Water and Sewer Services
Docket No.: 2005-13-WS

Dear Mr. Terreni:

Enclosed please find the original and two (2) copies of the **Proposed Order of Wyboo Plantation Owners Association, Inc.** filed on behalf of Wyboo Homeowners Association, Inc. in the above referenced docket. Please return a clocked copy to my office via my courier. By copy of this letter, I am serving all parties of record.

If you have questions, please do not hesitate to contact me.

Very truly yours,



Charles H. Cook

CHC/jcl

Enclosures

cc: All Parties of Record w/enc.

CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that she has served below listed parties with a copy of the **Proposed Order of Wyboo Owners Association, Inc.** on behalf of Wyboo Plantation Owners Association, Inc., indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

RE: Application of Wyboo Plantation Utilities, Inc. for
Approval of New Schedule of Rates and Charges for Water
and Sewer Services

Docket No.: 2005-13-WS

PARTIES SERVED:

Wendy B. Cartledge, Esquire
C. Lessie Hammonds, Esquire
Office of Regulatory Staff
P. O. Box 11263
Columbia, SC 29211

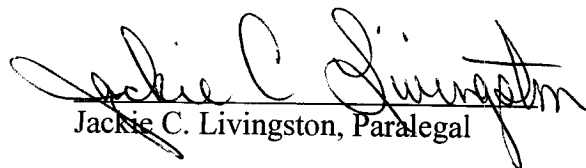
John F. Beach, Esquire
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Robert E. Tyson, Jr., Esquire
Sowell Gray Stepp & Laffitte, LLC
P. O. Box 11449
Columbia, SC 29211

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Jackie C. Livingston, Paralegal

February 5, 2007

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2005-13-WS, ORDER NO. 2007-_____

FEBRUARY 5, 2007

IN RE: Application of Wyboo Plantation)
 Utilities, Inc. for Approval of New)
 Schedule of Rates and Charges for)
 Water and Sewer Services)
)

**PROPOSED ORDER OF
WYBOO PLANTATION
OWNERS ASSOCIATION, INC.**

SC PUBLIC SERVICE
COMMISSION

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I. INTRODUCTION

This matter is before the Public Service Commission of South Carolina (“Commission”) by way of the Application of Wyboo Plantation Utilities, Inc. (“Wyboo Utilities” or “Applicant”), for approval of an increase in rates for its water services and sewer services in its service areas in Clarendon and Sumter Counties. The utility is presently operating under the water rates set by this Commission in Docket No. 96-227-W and under sewer rates set by this Commission in Docket No. 97-391-S.

The Applicant is represented by John F. Beach, Esquire. The Office of Regulatory Staff (“ORS”) is represented by Wendy Cartledge, Esquire, and C. Lessie Hammonds, Esquire. The intervenor The Villas at Wyboo Property Owners Association (“The Villas”) is represented by Robert E. Tyson, Jr., Esquire. The intervenor Wyboo Plantation Owners Association, Inc. (“Homeowners”) is represented by Charles H. Cook, Esquire, and Scott Elliott, Esquire.

After notice, a night hearing was held on Monday, October 30, 2006, at 6 p.m. in the Clarendon County Courthouse in Manning, South Carolina. A hearing on the

Application herein was held January 22 through January 24, 2007, in the offices of the Commission.

II. STATEMENT OF THE CASE

Wyboo Utilities is owned by Mark S. Wrigley. The Commission last established a water rate of \$18.00 per month for all of Wyboo Utilities' customers. No water tap fee was established by a Commission order. In addition, an irrigation charge of \$10.00 was established. The Commission last established a sewer rate of \$20.00 per month for Wyboo Utilities' customers and established a sewer tap fee of \$500.00. In the instant Application, Wyboo Utilities sought to increase its residential water rate to \$67.00 per month and its residential irrigation rate to \$25.00 per month. In addition, the Application sought to establish commercial and mobile homes rates together with connection fees, a plant impact fee and a disconnection/reconnection fee. Also, the Applicant sought to increase its sewer service rate to \$75.00 a month, establish commercial and/or mobile home rates, increase its sewer service connection fee, establish a plant impact fee for new sewer customers, establish swimming pool water fees and establish a disconnection/reconnection fee. In addition, the Applicant sought to establish, *inter alia*, fees for maintenance, repair and replacement of certain of its wastewater treatment facilities.

In an order dated November 29, 2006, this Commission granted the petition of the ORS to require the Applicant to identify payments collected by Wrigley and Associates, Inc. related to services provided by Wyboo Utilities and to demonstrate the prudence of these affiliate transactions and those of other affiliates. At the hearing in this matter, the Commission granted the Applicant's request that its witness Mr. Wrigley be

recalled to the witness stand following testimony of the witnesses for the Office of Regulatory Staff in an effort to prove the prudence of these affiliate transactions.

As a matter of record, the ORS withdrew the pre-filed direct testimony of its witnesses Morgan, Seale and Carlisle prior to trial, whereupon Applicant subpoenaed these witnesses. On January 19, the ORS pre-filed revised testimony for Mr. Morgan and Ms. Seale, its auditor, who conducted a financial review of the Application.

III. STIPULATION

Prior to the hearing, counsel for the Applicant and the Villas advised the Commission that they had reached a stipulation with respect to the rates payable by the Villas. Generally, the stipulation provides that the Villas at Wyboo condominium units, sales office, laundry, pool showers and restrooms would be billed at one single-family equivalent; the assembly hall would be billed at a rate of one and a half times a single-family equivalent. The manager's residence would be billed at a residential rate. The Commission accepted this stipulation together with the supporting pre-filed testimony into the record without objection from remaining parties with counsel for the Homeowners stating Applicant would nevertheless have to prove a rate increase is justified.

IV. TESTIMONY

Prior to the hearing, the Commission heard from two public witnesses, James F. McBride and Jim Stites, both customers of the Applicant residing in Clarendon County. Testifying for the Applicant was Mark S. Wrigley, President and sole owner of Wyboo Plantation Utilities, Inc. Also testifying for the Applicant in its case-in-chief under compulsion of subpoena were Douglas H. Carlisle, Jr., Willie J. Morgan and Christina L. Seale all of the ORS. Testifying for the Homeowners were Dwight D. Samuels, Daniel L. McDonald, and Leo C. Gallagher. Last testifying for the ORS were Robert A. Sternberg, a

customer of the Applicant and a residential building contractor, and Willie J. Morgan of the ORS.

Counsel for the Homeowners timely objected to permitting the Applicant to call the ORS witnesses to the stand to prove Applicant's case in chief. The Homeowners objected on the basis that the testimony of the ORS, an independent regulatory agency created by statute to be independent of both the Commission and parties, could not be compelled nor was otherwise competent to prove Applicant's case in chief. The Homeowners argued that the testimony and evidence of the Applicant's witness, Mark S. Wrigley, failed to prove the entitlement to a rate increase. The Homeowners argued further that State law did not authorize or otherwise permit the Applicant to use the independent audit and review of Applicant's revenues and expenses by the ORS to prove the Applicant's entitlement to any rate increases in its case in chief. After hearing argument of counsel, this objection was overruled by the Commission allowing the case to proceed.

The Applicant's evidence in this proceeding is often confused and in many instances self-contradictory. First, the testimony of Mark W. Wrigley, the Applicant's President and owner, fails to address the financial statements submitted with the utility's Application. It is clear from Mr. Wrigley's testimony that he was relying solely and exclusively on the testimony of his witness, the late B. Joe Maready, to support the utility's financial need for a rate increase (prefiled testimony of Wrigley at Page 12, ll 18-21). After the unfortunate death of Mr. Maready, this Commission ruled the pre-filed testimony of Mr. Maready inadmissible and the Applicant was granted a continuance to permit time to obtain substitute expert witness testimony. Although, the Applicant testified that he retained a new accountant, he failed to retain another expert witness for this proceeding.

Mr. Wrigley did testify to salary increases placed into effect for employees of the utility in May of 2006, outside the test year. According to Mr. Wrigley, the utility increased the salaries of approximately seven (7) of its employees, four (4) of whom were family members directly related to Mr. Wrigley himself. Mr. Wrigley testified that the utility agreed to pay some portion of these increased salaries immediately and intended to pay the balance of the salaries at a later time, after the rate increase was granted and when the utility's cash flow permitted (prefiled testimony of Wrigley Page 6, l. 5- Page 7 l. 8).

The Applicant offered the testimony of ORS witnesses Morgan, Seale and Carlisle over the objection of the Owners Association. The testimony of these ORS witnesses called on behalf of the Applicant was self-contradictory with respect to the factual issues to which they were called to testify.

Ms. Seale was called by the Applicant to testify to the audited revenues and expenses of the Applicant's balance sheet for the purpose of establishing an operating margin. However, the Applicant had failed to justify affiliate transactions concerning salaries, taxes, credit card payments and rent between Wyboo Utilities, its owner Mr. Wrigley and Wrigley and Associates, Inc., upon which Ms. Seale had based her audit. In the absence of justification for these affiliate transactions, certain of Ms. Seale's findings became inaccurate and the ORS withdrew Ms. Seale's initial pre-filed testimony. At trial, Ms. Seale testified that the Applicant's failure to justify these affiliate transactions made her initial findings concerning them unreliable. The impact of Ms. Seale's subpoenaed testimony was to eliminate any figures for salary and attendant payroll taxes, transactions concerning a credit card owned by an affiliate, and a lease between Wyboo Utilities and its owner, Mark S. Wrigley leaving an incomplete record from which to justify any rate relief.

Ms. Seale also testified that Applicant failed to seek Commission approval for loan financing. Therefore, the only compelling inference is that any interest expense connected to such unapproved financing is not justified for purposes of computing an operating margin.

Mr. Carlisle of the ORS, who had no first hand knowledge of Ms. Seale's testimony, was unable to testify to any margin for the utility.

Mr. Morgan was called by the Applicant to prove its request to shift the burden of the operation, maintenance, repair and replacement of the Applicant's Septic Tank Effluent Pump ("STEP") system from the Applicant to its customers. Mr. Morgan, however, testified to the fact that by virtue of its operating permit with the South Carolina Department of Health and Environmental Control (DHEC), Wyboo Utilities was responsible for the operation, maintenance, repair and replacement of all system components of the STEP systems at the Applicant's expense. Mr. Morgan's testimony made clear that he and the ORS opposed shifting the burden of maintaining and repairing these systems to the rate payers (prefiled testimony of Morgan at Page 16, l. 3 – Page 17, l. 12). In fact, Applicant admitted having the responsibility for the operation, maintenance, repair and replacement of all system components of the STEP systems at its expense. (pre-filed testimony of Wrigley at Page 9, ll. 3-6).

Moreover, the evidence of record reflects that DHEC has rated the Applicant's system as unsatisfactory. (pre-filed testimony of Morgan Exhibit WJM-4).

In an effort to justify the reasonableness of certain affiliate transactions as required by this Commission's Order of November 29, 2006, Mr. Wrigley was allowed to return to the witness stand to justify payments made by Wyboo Utilities' customers directly to affiliates, payments made by Wyboo Utilities to satisfy debts owed on the credit card of an

affiliate, a lease between Wyboo Utilities and affiliate, salary and wage payments by and between Wyboo Utilities and affiliates, cable television charges, telephone charges and other affiliated transactions appearing in the record. Evidence of record contained in certain of Applicant's tax returns contradicted ownership of assets and depreciation allowances.

V. DISCUSSION

The burden of proof rests with Wyboo Utilities to prove its entitlement to a rate increase. There is insufficient evidence in this record to support the Applicant's request for a rate increase. Accordingly, Wyboo Utilities' Application for a rate increase is denied.

Applicant proposed the test year of January 1, 2005, through December 31, 2005, and accordingly, the Application herein included certain financial statements related to that time period. A fundamental principle of the rate-making process is the establishment of a test year period. In Heater of Seabrook v. Public Service Commission of South Carolina, 324 S.C. 56, 478 S.E.2d 826 (1996), the Supreme Court concluded that the test year concept is very important in the rate-setting process. In order to determine what a utility's expenses and revenues are for purposes of determining the reasonableness of a rate, one must select a test year for the measurement of the expenses and revenues. *Id.*, 478 S.E.2d 828, n.1. The test year is established to provide a basis for making the most accurate forecast of the utility's rates, reserves and expenses in the near future when the prescribed rates are in effect. Porter v. South Carolina Public Service Commission, 328 S.C. 222, 493 S.E.2d 92 (1997). This historical test year period may be used as recognizing adjustments that are made for any out-of-period changes in expenses, revenues and investments that are known and measurable.

The Public Service Commission must review and analyze inter-custody dealings and transactions between the utility and its owner to determine whether these dealings are reasonable. If the evidence of record fails to demonstrate the reasonableness and propriety of the services rendered by related companies or other affiliates, the Commission is duty bound to refuse to allow the expenses in setting rates. Hilton Head Plantation Utilities, Inc. vs. Public Service Commission of South Carolina, 312 S.C. 448, 441 S.E.2d 321(1994). The Applicant has the burden of proof of the reasonableness of the expenses incurred. When payments are made to an affiliate company or individual, a mere showing of actual payment does not establish a prima facie case of reasonableness. Hilton Head Plantation Utilities, Inc. vs. Public Service Commission, *supra*. Charges arising in relationships between affiliated companies should be scrutinized with care and if there is an absence of evidence upon which the reasonableness of the propriety of the services rendered and the reasonable costs of rendering such services can be ascertained, the Commission must disallow the charges for rate making purposes.

Mr. Wrigley's testimony fails to provide adequate justification for and the prudence of the salary increases to Mr. Wrigley's family and employees. The salary increases occurred outside the test year. Second, the salary increases are contingent upon a future event outside the control of the Applicant, specifically the granting of a rate increase which is within the exclusive province of this Commission. Further, the testimony of Applicant's witness Seale fails to justify these salary increases. The salary increases all fell outside the test year, and are not known and measurable.

Moreover, the rent required by the lease between Wyboo Utilities and its owner, Mark S. Wrigley, is not justified or prudent. The lease called for rent payments of \$2,000.00 a month with additional penalties if the rent is not paid timely and in full.

However, it is undisputed in the record that the utility was paying substantially less than the rent required by the lease, which by its terms carried an egregious penalty. As with the salaries, this lease was entered into May of 2006 outside the test year. The Applicant failed to prove that the rental terms were known and measurable as required.

This record is far from clear as to what the Applicant's salaries actually were within the test year. The Applicant stated in its Application that its salaries and wages during the test year were \$50,488.00. Applicant's witness Seale could not corroborate Applicant's claims. Mr. Wrigley admitted that the utility's tax return for 2005 reflected salaries in the foregoing amount. Without pointing to any evidence in the record, Mr. Wrigley disputed even his own figure for salaries and wages alleged in his Application. Of course, without credible evidence of salaries and wages, there can be no credible evidence of payroll taxes associated with the salaries. Mr. Wrigley failed to provide any documentation or other credible evidence explaining why the utility made payments on the credit card of Wrigley and Associates, Inc., nor was the ORS witness able to justify these expenses. Last, the Applicant's witness Seale testified that Mr. Wrigley had proven no payment under the rental agreement during the audit. It is important to note that the Applicant did not contest any of the remaining adjustments set out by the subpoenaed witness Seale.

The Applicant admits to requiring its customers and rate payers to make payments to an affiliate. In particular, the witness Sternberg testified to having been required by Mr. Wrigley on behalf of Wyboo Utilities to make certain payments relating to the provision of water and wastewater services to Wrigley and Associates, Inc. The record is devoid of any justification for these charges. The lease between Wyboo Utilities and its owner, Mark Wrigley, is particularly disturbing. The lease calls for rental payments of \$2,000.00 a month. The penalty provisions for unpaid rent are onerous--\$500.00 per delinquent

payment. Mr. Wrigley intentionally underpaid the required rent under the lease by half every month and for every such half payment, the utility falls another \$500.00 behind by virtue of the penalty. This lease is just simply not justifiable and its terms are not reasonable.

Although the Applicant requested certain water fees for swimming pools, no credible testimony or exhibits evidenced or justified such fees. Additionally, the Applicant provided no justification for water and sewer tap fees in this record. Undisputed testimony revealed that the actual cost for water and sewer taps were paid for by the homeowners to the contractor or builder of a purchased home. No evidence supported that the Applicant utility installed taps as a part of its operations; therefore, fees are not justified and appear to be inherently unfair.

Moreover, the record is replete with evidence of poor quality of service to its customers. The many witnesses testifying at the night hearing in this matter October 30, 2006, as well as the public witnesses and the intervenors' witnesses plainly and articulately pointed out an unacceptable level of quality of service, including lack of parts, timeliness to repair and abusive attitude and actions to customers. Moreover, the Applicant's witness Wrigley admitted a long list of violations of the statute rules and regulations controlling service levels.

In a rate proceeding, quality of service is a crucial element to be considered by this Commission when arriving at just and reasonable rates for the company. The customer complaints regarding Wyboo Utilities' service are a component of quality of service. Indeed, our Supreme Court has affirmed the premise that the quality of service is a necessary factor among other considerations in determining a just and reasonable operating

margin when approving a rate increase. Patton vs. Public Service Commission, 280 S.C. 288, 312 S.E. 2d 257 (1984).

By its own admission, the Applicant is in violation of a considerable number of the statutes and rules and regulations of this Commission governing its conduct, to wit:

1. Wyboo does not maintain its books and records in accordance with NARUC System of Accounts for Class C utilities pursuant to 26 SC Code Regs. 103-517 and 103-719.
2. Customer billing records are inaccurate and incomplete.
3. Bank deposit records do not reconcile with ledger or QuickBooks software reports.
4. Monthly invoices/statements are not issued for customers who pay monthly fees in advance.
5. Customer account records are maintained in both ledger forms and QuickBooks software. The two accounting systems do not reconcile.
6. Complaint records do not have a resolution provided on the complaint form as required pursuant to 26 S.C. Code Regs. 103-516, 103-538, 103-716 and 103-738.
7. Complaint records (“Work Order System Report”) show customers being required to make an unauthorized payment to Mr. Eddie Barrett not Wyboo for repair work on the Septic Tank Effluent Pump (“STEP”) systems. Mr. Barrett is listed as an employee of Wyboo; however, he is being treated as an independent contractor.

8. Wyboo does not maintain proper procedures to ensure complainants are notified that Wyboo is under Commission jurisdiction as required by Commission regulations.
9. Customer billing format does not include a rate schedule as required by 26 SC Code Regs. 103-532.1(d) and 103-732.2(d).
10. Wyboo has charged rates and charges not authorized by the Commission. The Commission is considering these unapproved rates under Docket No. 2006-327-WS. During the ORS Business Audit, the following unapproved rates and charges were discovered:
 - i. Overcharge of the tap fee for establishing sewer service;
 - ii. Tap fee charged for establishing water service;
 - iii. Cut-on fee;
 - iv. Cut-off fee;
 - v. Illegal water use fee;
 - vi. Water Service for Pool charges;
 - vii. Impact fee;
 - viii. DHEC sewer fee;
 - ix. Charges to customers for repair to sewer STEP system;
 - x. Charges to customers for repair to utility water system; and
 - xi. Double charging of DHEC Safe Drinking Water Act ("SDWA") fee for same location.
11. The SDWA fee authorized by DHEC and collected by Wyboo is not managed properly. During the test year, Wyboo collected over \$14,000 in SDWA fees by billing customers at a rate of \$3.50 per month per mobile

home park customer and \$2.38 per month per residential customer in the Manning area. DHEC invoiced Wyboo in June 2005 for \$9,852, for its SDWA fees. Wyboo recorded a payment to DHEC in the amount of \$9,852. As set forth in S.C. Code Ann. Section 44-55-120 (Supp. 2005), SDWA fees collected from customers can only be used to pay DHEC for oversight of the drinking water system. Wyboo did not provide support that the remaining balance of \$4,148 was escrowed in a separate account for subsequent DHEC billings. In addition, ORS could not determine if customer fees were subsequently reduced to offset this over collection.

12. Deposits are not refunded pursuant to 26 S.C. Code Regs. 103-531.5 and 103-731.5.
13. Interest payments on deposits are not made to customers pursuant to 26 S.C. Code Regs. 103-531.2(B) and 103-731.2(B).
14. Assessments of deposits are not handled in a manner consistent with Commission regulations. Wyboo is unable to provide supporting documentation demonstrating that customers required to make a deposit for water/sewer service meet the conditions outlined in 26 S.C. Code Regs. 103-531. Cedar Hill and Granada Mobile Home Park customers are charged a deposit to establish service. In contrast, mobile home customers near the Wyboo Plantation subdivision area have not been required to provide a deposit since 2004. This method of assessing deposits based on subdivision is discriminatory.
15. Wyboo facilitated customer water and sewer tap fee payments to an affiliated, privately-owned company, Wrigley and Associates, Inc. Wrigley

& Associates, Inc. has not obtained Commission approval pursuant to 26 S.C. Code Regs. 103-502.2, 103-502.10, 103-502.11, 103-503, 103-702.2, 103-702.13, 103-702.14, and 103-703 to charge a “rate” for utility service. Wyboo is the entity which should collect water and sewer tap fees from lot owners and customers. Individuals who acquire water and sewer taps should do so only from a Commission certificated utility or a governmental entity which provides water and/or sewer service. The payment of tap fees to an entity other than Wyboo makes it virtually impossible to accurately track expenses and revenues for utility services. Moreover, Wyboo is charging fees in excess of the approved sewer tap fee.

16. Wyboo extended its service area without Commission approval. Wyboo provides sewer service to customers in the Mill Creek subdivision without having obtained prior Commission approval as required by 26 SC Code Reg. 103-504.
17. Customers are not afforded the opportunity to select an economical rate schedule. Wyboo personnel identify customers using irrigation water service by driving through the service area and observing customer’s use of outside sprinklers and watering hoses. According to 26 S.C. Code Regs. 103-730.D, Wyboo shall assist prospective customers in selecting the most economical rate schedule. Wyboo independently assigns irrigation charges based on Wyboo’s observations. If the customer was aware that a separate irrigation charge would be applied to all outside watering, the customer may not choose to receive irrigation services from Wyboo.

The Commission notes that as late as November 8, 2006, when the Applicant pre-filed its testimony it had yet to address and correct any of these violations identified by the ORS.

In summary, the Applicant has failed to meet its burden of proof. Certainly the out of test year salary increases and rental increases are not known and measurable. The Applicant failed in its effort to prove the reasonableness of the affiliate transactions with respect to salary, credit card payments and rent. Indeed, Ms. Seale's testimony is replete with examples of self dealing which are not contested by the Applicant.

The evidence of record reflects that without a rate increase the Applicant has an operating margin of 17.13 percent. Although not proven in this record, hypothetically allowing for the salaries alleged in its Application and fair market rent in the amount of \$1,000.18 as is currently being paid, the Applicant would still have a positive operating margin. As stated previously, the Applicant has failed to meet its burden of proof of an entitlement to a rate increase and the Commission will accordingly deny the Application and dismiss it at this time.

VI. ORS AUDIT

However, it is within this Commission's power to order the Applicant to begin compliance with the violations raised by the ORS in this matter immediately. The ORS shall within six (6) months of the date of this order conduct an appropriate audit to confirm compliance with the terms of this order. After its audit, the ORS shall report its findings to the Commission and parties. In no event shall the Applicant be granted any rate relief before complying with the statutes, rules and regulations applicable to water and sewer systems and with the terms of this order. Nothing herein shall be deemed to deprive the ORS of any authority it otherwise possesses to regulate the Applicant's rates, services or other practices.

VII. PERFORMANCE BOND

In addition, this Commission concludes that the performance bond posted by the Applicant is inadequate. The Commission finds and concludes that a bond of \$110,000 for water operations and \$100,000 for wastewater operations with the terms and conditions proposed by the ORS is reasonable and appropriate and will order the Applicant to post a bond of this amount within sixty (60) days of this order. (pre-filed testimony of Mr. Morgan's testimony at Page 13, ll. 5-18).

VIII. OWNERSHIP, OPERATION AND MAINTENANCE OF STEP SYSTEM

The Applicant is the sole owner of all STEP systems, to include those presently in operation and those installed and/or put into operation in the future. The Applicant shall have the responsibility of the operation, maintenance, repair and replacement of all system components of its STEP systems at its expense.

BY ORDER OF THE COMMISSION:

1. The Application of Wyboo Plantation Utility, Inc. for an increase in rates and charges for water services and for an extension of its service area is hereby denied and the Application dismissed.
2. The Applicant Wyboo Plantation Utilities, Inc. shall correct all violations of the statutes, rules and regulations pertaining to water and sewer utilities and shall bring itself into full compliance with all statutes, rules and regulations within six (6) months.
3. At the end of the six (6) month period set out in No. 2 above, the ORS shall audit the Applicant Wyboo Plantation Utilities, Inc. for compliance with the terms of the

order of this Commission and report its findings to the Commission and the parties within sixty (60) days of commencing its audit.

4. The Applicant Wyboo Plantation Utilities, Inc. shall maintain a water and wastewater bond as required herein.

5. The Applicant Wyboo Plantation Utilities, Inc. shall continue to own, operate, maintain and repair all STEP systems and all of its water and wastewater treatment facilities at its own expense as required herein.

6. Following a certification by the Office of Regulatory Staff that Applicant has met each and all of the compliance corrections and maintained compliance for at least six months following such certification, Applicant may then apply forthwith for a new consideration of appropriate increase in its rate structure in accordance with statutory requirements.

_____/s/_____
Chairman

Vice-Chairman